

BEFORE THE  
TENNESSEE STATE BOARD OF EQUALIZATION

In Re:

Ty W. & Donna G. Mathis  
District D2, Block 20P, Parcel G4  
Residential Property  
Tax year 2005

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Shelby County

INITIAL DECISION AND ORDER

Statement of the Case

The Shelby County Board of Equalization has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$35,100	\$142,400	\$177,500	\$44,375

On December 15, 2005, the State Board of Equalization received an appeal by the property owners.

The undersigned administrative judge conducted a hearing of this matter on February 21, 2006 in Memphis. In attendance at the hearing were the appellants, Ty W. and Donna G. Mathis, and Shelby County Property Assessor’s representative Teri Brandon.

Findings of Fact and Conclusions of Law

The property in question is a one-story dwelling at 8791 Bazemore Road, in the “Sanga Trails” area of Cordova. Built in 1992, this approximately 2,377-square-foot home includes central heating & air conditioning and a fireplace as well as an attached garage. The taxpayers purchased this property on August 6, 2004 for \$177,500 cash. Mr. Mathis, a certified real estate appraiser, recalled that the property was not publicly “for sale” at that time. Rather, according to his testimony, the seller accepted his unsolicited offer to pay more than the property was worth so that he (Mathis) could live next door to his ailing mother (now deceased).

The appellants’ requested value of \$160,000 was based mainly on an appraisal of the subject property by state-licensed appraiser Brent Lightsey. In his March 2, 2005 report, Mr. Lightsey commented that the “[s]ubject property is located on a main through street with heavy traffic and noise.” For that reason, in his market approach, the appraiser negatively adjusted the sale price of each of his comparables by \$5,000. All six of those comparables, Mr. Mathis repeatedly stressed, were within his neighborhood. He considered the western and eastern neighborhood boundaries to be Sanga Road and Sanga Circle, respectively.

In defense of the disputed value, the Assessor’s representative relied on the recent sales of the subject property and four other purportedly comparable residences (8705 Herring Cove; 8761 Forest Breeze; 564 Ashbury Cove; and 261 Walnut Leaf Drive). The unadjusted

comparable sale prices ranged from \$160,500 to \$180,500 (or \$68.59-\$76.04 per square foot of living area).

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

Since the appellants seek to change the present valuation of the subject property, they have the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

As a general rule, “a bona fide sale of the subject property is considered the best evidence of market value.” International Association of Assessing Officers, Property Appraisal and Assessment Administration (1990), p. 153. In this case, however, the evidence of record casts doubt on the reliability of the appellants’ actual purchase price as an indicator of the subject property’s *market value* (as of the January 1, 2005 reappraisal date). That term presupposes an arm’s-length transaction in which neither party is under undue duress or atypically motivated. See Appraisal Institute, The Dictionary of Real Estate Appraisal (4<sup>th</sup> ed. 2002), pp. 177-178. Given his mother’s unfortunate condition, even with his knowledge of real estate appraisal, Mr. Mathis was obviously not in an ideal bargaining position.

Yet, that said, Mr. Mathis defined his “neighborhood” more narrowly than did his own appraiser (Mr. Lightsey). On page 1 of his appraisal report, Mr. Lightsey identified the neighborhood boundaries as follows: “Walnut Grove Rd north; Forest Breeze south; Mysen Drive west; Leaf Trail Lane east.” It appears that the Assessor’s office confined its search for comparables within those perimeters. Mr. Lightsey’s estimate of value (\$160,000), meanwhile, must be discounted as hearsay because he was not called to testify at the hearing.<sup>1</sup>

Taking all of the above factors into account, without completely disregarding the amount for which the subject property sold in August, 2004, the administrative judge respectfully recommends that the property be valued at \$70.00 per square foot (or \$166,400, after rounding). This conclusion reflects the somewhat less desirable location of the residence on a busier street.

### Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$35,100	\$131,300	\$166,400	\$41,600

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

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<sup>1</sup>*Hearsay* is defined as “a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted.” Tenn. R. Evid. 801(c).

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 24<sup>th</sup> day of March, 2006.

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PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: Ty W. & Donna G. Mathis  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office  
Rita Clark, Assessor of Property

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